



# SOUTHWEST MONTANA PROPERTIES

Your Partner In Multifamily Real Estate Investment

Newsletter ..... Q3, 2015

## Investments On The Move...

### Sundial Square Apartments

#### *Performance Since Acquisition*

Sundial Square is a 63-unit multifamily community built in 1992 and located in Rapid City, South Dakota. Acquired in January 2015, Sundial Square has been performing to plan, with occupancy stabilizing & normalization



of the site management operation well underway.

Managing Director, Chad Laird comments, “We’re very pleased with the performance of Sundial Square thus far. Rent is growing well ahead of projections, occupancy is stable, and we have been able to get a good handle on initiating our capital improvement plan.”

Acquisition Manager Brad Osen reports, “It is great to see the positive impact we have been able to make on this property over the past several months. One of the

great things about Sundial Square is its location in Rapid City, South Dakota, where the economy is really strong and the tight housing market is ideal for what we are trying to achieve. I’m looking forward to our efforts to continue to add value at this property.”

Sundial Square has become a welcome addition to our stable of multifamily assets. With projections of solid cash flow throughout the hold period and positioning for a strong exit, Sundial Square is expected to continue to shine.

## The Economic Landscape

Multifamily continues to out perform other real estate sectors while maintaining its historical position as the least volatile sector with the stability to ride out the normal ebb & flow of the overall economy.



Rents have grown more than 20% since 2010 while occupancy is at its strongest in decades, in most markets. Given historic strength in household formation, with more than 2MM new households formed in 2014, demand is expected to drive high occupancy & substantial rent growth for the foreseeable future.

We continue to work toward our next value-add acquisition that will allow our investors additional opportunity to invest in this exciting market.

## Meet Madison Smith, Our Newest Team Member

Madison is the newest member of the Southwest Montana Properties team. She is a senior in accounting at Montana State University.

Originally from Vermont, Madison brings a fresh new look at the books, providing positive energy to this critical position.

Madison said “I chose accounting because I had a

great teacher in high school who made it interesting and fun. I really enjoy the



problem solving aspect of accounting as well.”

“Prior to working at

SWMP I was working in tax accounting. After working in tax for a few years I decided I needed to see other aspects of accounting and SWMP has allowed me to do so. They are allowing me to focus in on more of the controller role of accounting which I really enjoy. I like being able to see it all come together and be a part of each step.”

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## Diversify Your IRA!

Investors are increasingly leveraging private placements with a portion of their retirement portfolio to diversify away from Wall



Street and into asset-based opportunities in real estate.

Investing with your IRA is easy. Please call or email us if you have interest in learning more about how to take this important step with your IRA.

## 10-Year Treasury Yield Continues Its Favorable Run

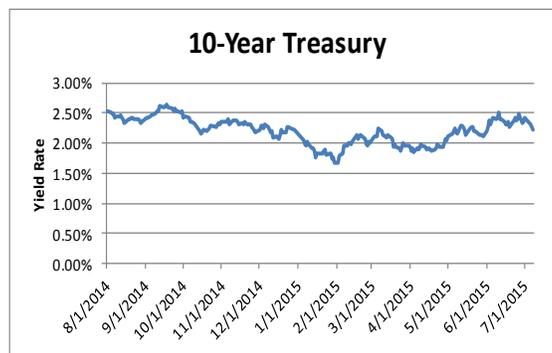
Yield on the 10-Year Treasury note continues to hover just above historic lows touched on over the past few years. The U.S. Labor department reported a record number of job openings earlier this year which has driven demand for bonds. New government

debt sales from the private and public sectors also hurt the bond prices, pushing yields lower.

The yield on the 10-Year Treasury note as of June 30th was 2.33%, while trading in a range of 1.65% and 2.64% over the past 52 weeks. This low interest rate environment

is tough on savers but favorable for those looking to borrow money, including for the purchase of real estate - be it home buyers or investors. Lending rates for the debt component of new acquisitions as well as refinance of debt on current assets is often determined by the 10 year treasury yield.

As yields will inevitably rise with increases to the federal lending rate, investors will need to adjust their investing outlook. However, in the current environment, the favorable rate will continue to be a driver of market activity and healthy asset valuations.



Source: Wall Street Journal, <http://www.wsj.com/articles/u-s-government-bonds-lower-before-auction-1433857465>

Marketing Team

## Dallas Rent Growth Continues on Hot Streak

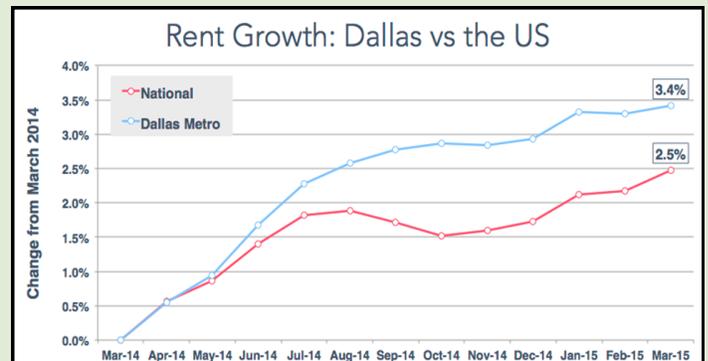
DALLAS, TX - Rent growth in the national apartment market is on a streak not seen for almost four years, according to Axiometrics, the leader in apartment and student housing research and analysis.

Annual effective rent growth for the U.S. apartment market in April 2015 remained steady at 5.0%, the third straight month it has been at or above 5% and the highest April rate since at least 2009, when Axiometrics began reporting the metric monthly.

The February-April 2015 period is the first three-month stretch of 5.0% or higher rent growth since June-August

2011. The annual rate hasn't varied more than 11 basis points (bps) from 5.0%, up or down, since December 2014.

"Though the rate of rent growth has been steady the past several months, the fact that rents are rising at a 5% annual clip points to an extremely robust apartment market," said Stephanie McCleskey, Axiometrics Vice President of Research. "The absorption of the large amount of new supply, fueled by increasing job gains, has been a boon for landlords and property owners -- not to mention apartment investors."



Taken to two decimal places, the March 2015 figure of 5.04% was 1 basis point higher than the February 2015 rate of 5.03% and 159 bps above the 3.45% of April 2014. Annual effective rent growth in this latest hot streak did not reach 3% until March 2014, 4% until August 2014, and 5% until December 2014.

National year-to-date (YTD) effective rent growth was 2.7% in April 2015, 6 bps higher than April 2014 -- a year that ended as the strongest of the recovery for this metric. Read the rest of this article at <http://www.multifamilybiz.com/>.  
Article By MultiFamilyBiz